



# Perstorp Holding AB (Publ.)

Interim Results 1 January – 30 June 2019

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# Agenda

- Business performance
- Financial review
- Q&A

# Business performance



Jan Secher  
*President & CEO*

# Executive summary (1/3)

- Overall disappointing Q2 results due to a combination of
  - Some softening in certain markets
  - Production issues, notably on Specialty Polyols
  - Deferral of orders to July by customers due to decline in raw materials and quarterly working capital management, impacting June results
  - Overall volumes down 6% yoy, sales down 9% and EBITDA (excl. non-recurring items) down 28%
- **At a macro level APAC and EMEA are slowing down, whilst demand in the Americas is holding up**
  - Some capacity increases in Asia (notably on Neo) putting some pressure on margins
  - Perstorp consumer confidence index showing some softening in short term sentiment although no major swings
- **Mitigating actions have been initiated since May**
  - Original Level Up cost reduction plan following Caprolactones and Biodiesel sales is continuing – effects visible from Q2 onwards
  - Additional cost/capex containment measures have been undertaken and should be visible in H2 results
  - Continued effort on sales / pricing excellence

# Executive summary (2/3)

## Results by business area

- **Specialty Polyol & Solutions**
  - Particularly disappointing quarter with EBITDA (excl. non-recurring items) down 36%
  - Specialty Polyols impacted notably by weakening demand in some areas and price pressures on Neo and Formates, postponement of orders as well as production issues in Bruchhausen
- **Advanced Chemicals**
  - Increase in EBITDA by 15% due to improved margins for Oxo & Plasticizers, despite some short term postponement of demand at the end of Q2 2019
  - Good progress on Pevalen phthalate free plasticizer development
- **Animal Nutrition**
  - Decrease in EBITDA by 15% due to (i) postponement of orders and (ii) some price pressure in APAC in certain products
  - Animal Nutrition continues to be an important future development area for Perstorp

# Executive summary (3/3)

- No change in strategic direction
  - Perstorp strategy continued to be focused on profitable expansion
  - Ongoing projects: Penta expansion in India, TMP expansion in Perstorp, Pevalen rollout and expansion in Animal Nutrition
  - Phasing of expansion projects constantly monitored in light of the environment
- Continued focus on cash flow generation
  - H1 results showing a seasonal working capital outflow as is customary
  - Increased focus in H2 2019 to optimize NWK

# Financial Review



Magnus Heimborg  
*CFO*



# Financial Review (1/2)

Key figures in summary, continuing operations

SEKm	Quarter 2		Quarter 1-2		Latest 12 months	Full year 2018
	2019	2018	2019	2018		
Net Sales	3,065	3,382	6,283	6,461	12,258	12,436
EBITDA	362	503	775	1,010	1,461	1,696
% of net sales	11.8	14.9	12.3	15.6	11.9	13.6
EBITDA excluding non-recurring items <sup>1</sup>	365	510	840	1,021	1,633	1,814
% of net sales	11.9	15.1	13.4	15.8	13.3	14.6
Operating earnings (EBIT)	232	327	518	721	982	1,185
% of net sales	7.6	9.7	8.2	11.2	8	9.5
Net earnings/loss	-41	50	-1,112	190	-877	45
Free cash flow	221	153	231	344	850	963

1. Non-recurring items are mainly attributable to restructuring and refinancing costs.

# Financial Review (2/2)

## Free cash flow analysis, continuing operations

SEKm	Quarter 2		Quarter 1-2		Latest 12 months	Full year 2018
	2019	2018	2019	2018		
EBITDA excluding non-recurring items	365	510	840	1,021	1,633	1,814
Change in Working Capital <sup>1</sup>	-32	-227	-396	-473	-234	-311
Maintenance Capex	-54	-71	-107	-130	-338	-361
<b>Free Cash Flow before Strategic Capex</b>	<b>279</b>	<b>212</b>	<b>337</b>	<b>418</b>	<b>1,061</b>	<b>1,142</b>
% of EBITDA excluding non-recurring items	76	42	40	41	65	63
Strategic Capex	-58	-59	-106	-74	-211	-179
<b>Free Cash Flow</b>	<b>221</b>	<b>153</b>	<b>231</b>	<b>344</b>	<b>850</b>	<b>963</b>
% of EBITDA excluding non-recurring items	61	30	28	34	52	53

## Available funds and debt

SEKm	June 30, 2019	June 30, 2018	Dec 31, 2018
Available funds	939	1,106	1,120
Net debt	9,292	13,674	13,505
Net debt excl. Parent company loans and pension liabilities	8,883	13,229	13,103
Leverage <sup>2</sup>	5.4x	5.8x	5.6x

4.9x based on PF LTM Q2-19 Adjusted EBITDA of SEK 1,808 m

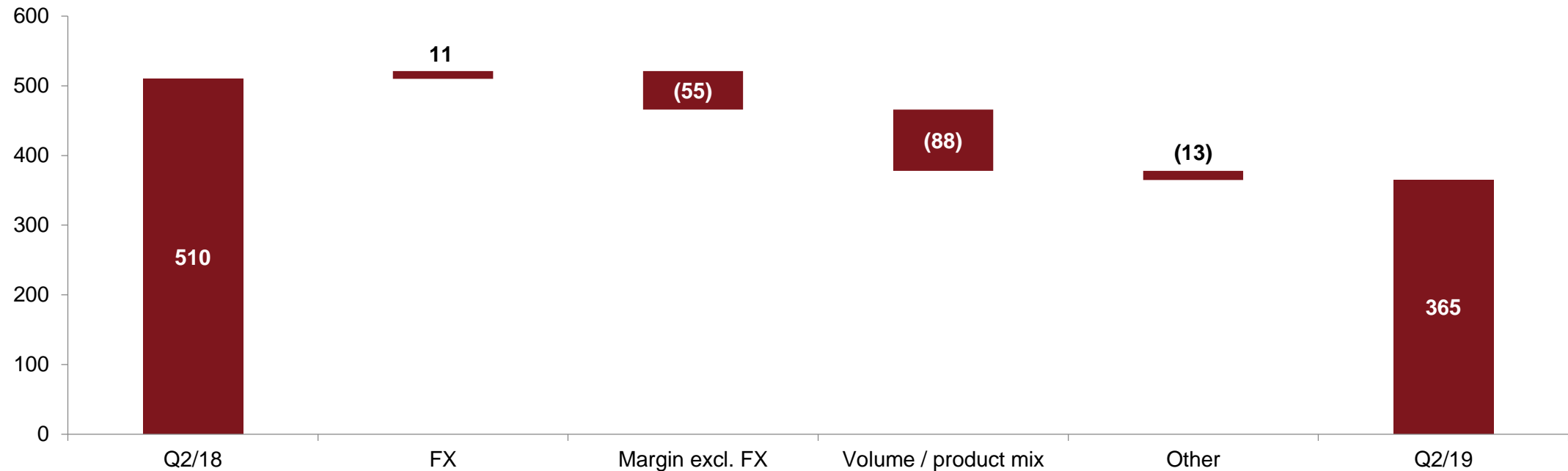
1. Excluding currency translation effects and provisions.

2. Net debt excluding pension liabilities and shareholder loans / EBITDA excluding non-recurring items.

3. Adjusted for PF cost savings of SEK 52 m, production disturbances of SEK 43 m and Stenungsund Turnaround of SEK 80 m.

# Bridge EBITDA excl. non recurring items

Q2 2018 vs. Q2 2019 (SEKm)



- EBITDA decreased by SEK 145 m year-on-year, positive impact from currency effects and lower fixed costs were offset primarily by negative impact from lower demand and unit margins for Neo and Formates in EMEA and APAC, as well as somewhat lower output from our production site in Germany

**Thank you**  
**Q&A**